

G, E-999/AA-89-705 ORDER ACCEPTING ANNUAL AUTOMATIC ADJUSTMENT  
REPORTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
Cynthia A. Kitlinski  
Dee Knaak  
Norma McKanna

Chair  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Review of  
1989 Automatic Adjustment of  
Charges for All Gas and Electric  
Utilities

ISSUE DATE: February 20, 1992

DOCKET NO. G,E-999/AA-89-705

ORDER ACCEPTING ANNUAL AUTOMATIC  
ADJUSTMENT REPORTS

**PROCEDURAL HISTORY**

Under Minn. Rules, parts 7825.2390 through 7825.2920, regulated gas and electric utilities may adjust their rates between general rate cases to reflect fluctuations in the prices they pay for gas or electricity purchased for delivery to ratepayers, or for fuel purchased to generate electricity. These adjustments are called automatic adjustments, because they normally take effect without prior Commission approval.

Utilities using automatic adjustments are required to make several annual filings, all due September 1, providing information on automatic adjustments made during the preceding twelve month period between July 1 and June 30. Utilities are also required by rule to serve notice of these filings on all parties who intervened in the utilities' last two general rate cases. Minn. Rules, part 7825.2840.

All Minnesota utilities required to do so have filed their 1989 annual reports and have complied with the notice requirements of Minn. Rules, part 7825.2840. Those utilities are as follows:

Dakota Electric Association  
Great Plains Natural Gas Company  
Northern Minnesota Utilities  
Interstate Power Company (Electric Division)  
Interstate Power Company (Gas Division)  
Midwest Gas Company  
Minnegasco, Inc.  
Minnesota Power and Light Company  
Northern States Power Company (Electric Division)  
Northern States Power Company (Gas Division)  
Otter Tail Power Company  
Peoples Natural Gas Company  
Western Gas Utilities, Inc.

Northwestern Wisconsin Electric Company (Northwestern) did not submit annual reports because this utility has been granted a variance from yearly filing requirements in Docket Nos. E-016/M-87-606, E-016/AA-88-622, E-016/AA-89-753, and E-016/M-90-994. In these dockets the Commission found that since Northwestern has only 90 customers in the Minnesota jurisdiction, the imposition of annual filing requirements would be unduly burdensome.

The Department of Public Service (the Department) filed its report and recommendation on June 11, 1990. The Department recommended that the Commission accept the annual filings submitted by the above gas and electric utilities. No other party submitted comments.

## **FINDINGS AND CONCLUSIONS**

### **THE REPORTS**

Annual reports were submitted by five electric and eight gas utilities. The reports fell into four categories according to rule requirements.

#### **7825.2800 ANNUAL REPORTS; POLICIES AND ACTIONS**

All public utilities are required to file annually their procurement policies for selecting sources of fuel and energy purchased. The utilities must also file dispatching policies if applicable and summaries of actions taken to minimize cost.

For gas utilities, this filing under the automatic adjustment rules is now being analyzed quarterly by the Department. The analysis is part of the Department's quarterly report which is filed with the Commission. Any areas of concern with specific utilities are mentioned in these quarterly reports.

The Commission finds that the policies and actions reports filed by the gas and electric utilities are in compliance with rule requirements. The Commission will accept these reports.

#### **7825.2820 ANNUAL AUDITOR'S REPORT**

Under this rule, gas and electric utilities must file independent auditors' reports evaluating accounting for automatic adjustments for the prior year. The Commission finds that all the above-listed gas and electric utilities filed annual reports meeting this requirement.

#### 7825.2830 ANNUAL FIVE-YEAR PROJECTION

This rule has been revised recently so that only electric utilities must submit annual five-year projections of fuel costs by energy source. Gas utilities must submit annual brief statements of their opinion of the impact of market forces on gas costs for the coming year.

All gas and electric utilities required to make annual filings submitted reports meeting these requirements.

#### 7825.2810 ANNUAL REPORT; AUTOMATIC ADJUSTMENT CHARGES

Under this rule all utilities using automatic adjustments must file annual reports providing specified, detailed information on all automatic adjustments made during the preceding year. In addition, gas utilities must file annual reports regarding rule variances, changes in contract demand, levels of customer-owned gas volumes delivered through the utility's distribution system, and deviations between gas cost recovery and actual gas cost.

In addition to Dakota Electric Association (Dakota), discussed more fully below, all other gas and electric utilities required to make annual filings submitted reports in compliance with this rule.

#### Dakota Electric Association

In its annual automatic adjustment filing, Dakota inadvertently failed to provide the details of its monthly over- or under-recovery for 1989. The Department's June 11, 1990 report showed that Dakota over-recovered its cost of fuel in 1989 by 34.60%. A correction to fuel cost recovery was filed by Dakota on September 3, 1991. This document showed that the Department had mistakenly computed Dakota's fuel cost recovery by using gross retail sales instead of costs related only to fuel. When the fuel cost recovery was correctly calculated, the result was an under-recovery by Dakota of .74% in 1989.

The Department reviewed the corrected filing and recommended its acceptance by the Commission.

#### **COMMISSION ACTION**

The Commission will accept the annual reports filed by the above-named gas and electric utilities as being in proper form and in general compliance with Minn. Rules, parts 7825.2390 through 7825.2920. The Commission notes that the utilities and the Department have worked together to develop a functional, consistent system of reporting and review. The Commission wishes to commend the parties for their spirit of cooperation, which has clearly improved the process of annual filing and review.

ORDER

1. The annual reports filed by the above-listed gas and electric utilities for the twelve-month period between July 1, 1988 and June 30, 1989 are accepted as being in proper form and in general compliance with Minn. rules, parts 7825.2390 through 7825.2920.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)